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Exam : CFA Level 1

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Version : DEMO

1.According to the AIMR- PPS, _____ are defined to include all discretionary and nondiscretionary assets.
A. individually managed assets
B. individual investor's assets
C. total firm assets
D. global assets
Answer: C
Explanation:
Total firm assets are defined to include all discretionary and nondiscretionary assets. Total firm assets don't refer to assets underlying overlay investment strategies, such as currency overlay, options and futures overlays, securities lending programs and asset allocation overlay strategies, unless the firm actually manages the underlying assets.

2.Standard IV (B.7) deals with _____.
A. Priority of Transactions
B. None of these answers
C. Disclosure of Referral Fees
D. Performance Presentation
E. Prohibition against Misrepresentation
F. Disclosure of Conflicts to Clients and Prospects
G. Preservation of Confidentiality
H. Prohibition against Use of Material Nonpublic Information
Answer: F
Explanation:
Standard IV (B.7) states that members shall disclose to their clients all matters that could become potential conflicts. These include beneficial ownership of securities or other investments, that reasonably could be expected to impair the member's ability to make unbiased and objective recommendations.

3.Standard III (D) deals with _____.
A. Professional Misconduct
B. Use of Professional Designation
C. Plagiarism
D. Fundamental Responsibilities
E. None of these answers
F. Obligation to Inform Employer of Code and Standards
Answer: E
Explanation:
Standard I deals with Fundamental Responsibilities. Standard II (A) deals with Use of Professional Designation. Standard II (B) deals with Professional Misconduct. Standard II (C) deals with Plagiarism. Standard III (A) deals with the Obligation to Inform Employer of Codes and Standards. Standard III (D) deals with the Disclosure of Additional Compensation Arrangements.

4.Another name for "access" person is _____.
A. none of these answers

B. supervisor
C. ombudsman
D. guardian
E. fiduciary
F. covered person
Answer: F
Explanation:
Access or covered persons have knowledge of pending or actual investment recommendations or action. The firm's definition of access (covered) person should be broad enough to cover all people with that knowledge.

5.Which of the following is/are true about the Performance Presentation Standards?
I. A member who complies with the mandatory requirements of the PPS but does not follow the recommended requirements can publicly claim compliance with the PPS.
II. The PPS are designed to be primarily a performance measurement framework.
III. The Standards are not designed to enhance or detract from the presentation of historical results.
A. III only
B. II and III only
C. I, II and III
D. I and III only
Answer: D
Explanation:
The PPS are designed to be primarily a performance presentation system, not a performance measurement system. The Standards are not designed to enhance or detract from the usefulness of the information in historical results, though it does restrict the way they are to be presented. The PPS are voluntary standards and are not necessarily binding on AIMR members. Some standards are mandatory while others are recommended. To claim compliance, members must abide by the mandatory requirements, at the very least.